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# FAS REPORT

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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 11-82

WASHINGTON, March 17--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

## GRAIN AND FEED

WORLD grain production in 1981/82 is forecast at a record 1.632 billion tons, up slightly from last month's estimate of 1.631 billion. Higher crop estimates for Western Europe, India, and Argentina were partially offset by lower estimates for South Africa and Brazil.

World wheat production is forecast at a record 452.7 million tons, virtually unchanged from last month's estimate. Small revisions were made in estimates for Western and Eastern Europe and South Africa.

World coarse grain production is estimated at a record 769.5 million tons, down fractionally from last month's estimate. Late and spotty rainfall in South Africa severely affected yields, resulting in a 2.0 million-ton decline in the corn production estimate to 9.0 million tons. Dry conditions in the Brazilian States of Parana, Santa Catarina, and Rio Grande do Sul reduced yields, causing a 200,000-ton reduction in Brazil's corn production estimate to 23.6 million tons. Upward revisions in Western Europe and improved crop prospects in Argentina partially offset these declines.

World rice production in 1981/82 is projected at 409.8 million tons, (rough basis), up slightly from last month's estimate and 3 percent above the 1980/81 crop. India's rice production estimate rose 1.5 million tons to 79.6 million tons due to upward revisions in the average yields in the States of Uttar Pradesh, Punjab, and Bihar. The early withdrawal of an otherwise normal monsoon season did not reduce levels in these areas by as much as earlier assessments had indicated. Improved yields in Burma lifted production there by 650,000 tons to 13.65 million tons.

Rice production in Brazil was lowered by 100,000 tons to 8.7 million tons as a result of dry weather in January in the Southern States of Rio Grande do Sul, Parana, Santa Catarina, as well as by insect damage following excessive December rains in the States of Goias and Minas Gerais. Rice production in Pakistan was revised downward by 225,000 tons to 4.9 million tons due to a downward adjustment in average yields; however, production still represents about a 6 percent increase over last year's crop.

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AUSTRALIAN farmers intend to increase area sown to wheat substantially during the 1982/83 season, according to the U.S. agricultural counselor in Canberra. While some estimate planted area will increase to as much as 12.8 million hectares, the agricultural counselor expects wheat area to increase to 12.5 million hectares, 5 percent above 1981's level of 11.9 million. Most of the expansion will come from marginal areas, which are now being developed under minimum tillage programs, and from pastureland. Barley plantings in 1982/83 are expected to be at or near this year's level of 2.7 million hectares.

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Dry conditions in ISRAEL during the past few months have severely affected the 1982 winter grain crop. Almost all production on unirrigated fields in southern Israel has been lost. Barley, which is normally grown in this region, has been so severely damaged that most will be grazed or used for silage. Wheat production is also being adversely affected as reservoir levels restrict water allocations.

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SOUTH AFRICA's press recently reported an alleged barter transaction involving the exchange of 200,000 tons of Romanian fertilizer for 500,000 tons of South African corn, the first South African barter arrangement of this magnitude.

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AUSTRALIA's recent sale of 1 million tons of grain to the Soviet Union reportedly included credit terms. The Australian Wheat Board has not disclosed contract terms, but has indicated the sale did involve short-term credit at commercial rates. The U.S. agricultural counselor in Canberra reports that credit may have been extended for a period of 90 to 180 days. The interest rate on the credit was not reported.

#### OILSEEDS AND PRODUCTS

In the UNITED STATES, disappearance of soybeans during Sept. 1, 1981-March 4, 1982, amounted to 29.4 million tons, 13.4 percent above the same period a year ago and only 0.4 percent below the record large 1979/80 volume. (U.S. soybean disappearance is based on weekly inspections for export plus weekly crushings, as reported by the National Soybean Processors Association.)

During the first 27 weeks of the 1981/82 marketing year, exports plus crushings amounted to 57 percent of the current marketing year forecast, compared 55 percent in 1980/81 and 54 percent in 1979/80.

Cumulative U.S. exports plus crushings with comparisons are as follows:

Cumulative 9/1/81 thru:	1979/80	1980/81	1981/82	1981/82 as % of	
				1979/80	1980/81
		Million tons		Percent	
10/1/81	3.46	3.85	3.73	+7.8	-3.1
10/29/81	8.27	7.52	8.69	+5.1	+15.6
12/3/81	14.91	13.16	15.15	+1.6	+15.1
12/31/81	19.05	16.92	19.09	+0.2	+12.8
1/28/82	23.96	21.16	23.44	-2.2	+10.8
3/4/82	29.53	25.94	29.42	-0.4	+13.4
8/31/82	54.38 1/	47.46 1/	51.98 2/	-4.4	+9.5

1/ U.S. Bureau of Census data. 2/ Current USDA forecast.

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Excellent weather so far this season in ARGENTINA has increased prospects for this year's sunflowerseed crop by 200,000 tons to 1.75 million tons. If realized, this year's crop will be 23 percent above the reduced 1981 crop and 100,000 tons above the level produced in 1980.

As a result, sunflowerseed oil output will be up 40 percent, compared with the 1981/82 marketing year. Similarly, exports are forecast to jump to 275,000 tons, 85,000 above the estimate for 1981/82. Sunflowerseed meal output is expected to total 740,000 tons, with exports at about 635,000 tons. Argentina usually exports negligible amounts of sunflowerseed, but this year exports may jump to around 100,000 tons.

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WORLD oilseed production for 1981/82 is forecast at 171.9 million tons, down 500,000 tons from February's estimate, but 12.6 million tons above 1980/81. Lower estimates for the Brazilian and Romanian soybean crops more than offset improved prospects for world sunflowerseed and peanut crops.

The 1981/82 world soybean production forecast, at 87.6 million tons, is down about 700,000 tons from last estimate, but 6.7 million above last year. The Brazilian estimate was reduced 600,000 tons to 14.2 million due to dry weather during January in the major southern producing areas. Official Romanian data place the 1981 crop at 268,000 tons, 40 percent below the 1980 harvest, and about 103,000 tons below last month's USDA estimate. Hot, dry weather during pod formation was detrimental to bean development.

World sunflowerseed production for 1981/82 is forecast at 14.1 million tons, up 300,000 tons from last month and 900,000 above 1980/81. Excellent weather resulting in improved yield prospects is responsible for a 200,000-ton increase for Argentina's crop to 1.75 million tons. Crop estimates for Bulgaria and Romania were increased based on recent official and 1981 plan fulfillment reports.

The world peanut crop estimate for 1981/82 has been increased by 200,000 tons this month to 18.4 million tons. Higher production prospects in Senegal more than offset reduced estimates for South Africa and Argentina.

#### DAIRY, LIVESTOCK, AND POULTRY

Preliminary POLISH census data for December 1981 indicate an expansion of 1.4 percent in cattle inventories from previous-year levels. A 7.4 percent gain in the private sector to 8.78 million head more than offset a 14.2 percent decline to 2.71 million head on state farms. This represents a significant improvement over mid-year census figures, particularly in the private sector, where 1981 inventories were 3.8 percent below previous-year levels due to poor 1980 grain and hay crops. The improvement in private sector inventories stems largely from increased producer prices for cattle and good hay crops and summer pastures in 1981.

December 1981 inventories in the swine sector were up only about 1 percent from December 1980. Both cattle and hog inventories are expected to be stable during 1982 as producers remain cautious about obtaining farm equipment and supplies.

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In SWEDEN, good summer pasture and winter hay supplies resulted in a 1 percent increase in milk production in 1981 despite a slight decline in milk cow numbers. Milk production in 1981 is estimated at 3.493 million tons, with per cow yields at 5,340 kilograms, a new record. Current conditions suggest milk production likely will increase 2.7 percent in 1982. With smaller consumer demand for fluid milk, much of the increased milk production is being diverted to cheese production.

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In SUDAN, increased poultry and egg production reflect the growing market for these commodities. Small farmers and traders currently account for most production and distribution although larger poultry and egg processing facilities are being developed. Recent production figures are shown below in tons:

Period	Poultry	Eggs
1978/79	14,700	26,000
1979/80	16,300	32,200
1980/81	17,500	36,400

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COTTON AND TOBACCO

PAKISTAN's 1981/82 cotton crop has been revised slightly downward to 3.45 million bales from last month's estimate of 3.53 million, largely as a result of weather and decreased fertilizer usage. If the production estimate is realized, it will be a record crop for Pakistan.

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The 1981/82 WORLD cotton production estimate remains unchanged from last month's record forecast of 70.8 million bales. Increased production prospects in China, Argentina, and Israel were offset by reduced output in Zimbabwe and Pakistan.

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SPAIN recently issued a decree aimed at restructuring tobacco production and complementing the existing 6-year tobacco expansion program. The program is expected to boost domestic production 40 percent by the end of 1985, with emphasis on flue-cured output.

Beginning in marketing year 1982/83, the burley production target will be frozen at the present level of about 33,700 tons (farm sales weight), plus or minus 300 tons. Production ceilings will be established for each type of tobacco on a tonnage basis. Within 6 months, the Ministry of Agriculture will draw up a program for shifting burley production to flue-cured production and will also identify new areas for flue-cured production. In addition, the Ministry will expedite investments in equipment for curing and redrying flue-cured and burley tobacco to improve the quality of the domestic leaf. Technical assistance to farmers will be a part of the Ministry's program. To strengthen domestic flue-cured tobacco production, the decree also established minimum percentages of domestic leaf in cigarettes manufactured in Spain.

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The EUROPEAN COMMUNITY Commission fixed the EC export subsidies for the 1981 baled tobacco crop, effective March 1 through Dec. 31, 1982, in response to a surplus in the EC of certain tobacco varieties, including 1981 Xanti-yaka, Perustitza, Erzegouina, and Paraguay. A drop in world tobacco prices has reportedly made EC varieties less competitive with similar foreign leaf in the world market. This decision constitutes a special case allowing a subsidy to be fixed outside the normal limits for the varieties involved. The subsidies are as follows in European Currency Units (ECU) per kilogram:

<u>Variety</u>	<u>Amount of Refund</u>	<u>Destination</u>
Paraguay	0.34	All third countries
Xanti-yaka	0.44	All third countries except Turkey.
Perustitza	0.44	All third countries except Turkey and Yugoslavia.
Erzegouina	0.44	All third countries except Turkey and Yugoslavia.

HORTICULTURAL AND TROPICAL PRODUCTS

USDA estimates WORLD 1981/82 exportable coffee production (total harvested production less domestic consumption in producing countries) at 75.9 million bags (60 kilograms each), 16.6 percent higher than the 1980/81 estimate of 65.1 million bags. Exportable production is expected to remain essentially unchanged at 51 to 52 million bags for all countries other than Brazil, for which an 11 million-bag increase (from 13.5 million to 24.5 million) is expected. Yearly variations in domestic consumption are not generally dramatic. Thus, the trend in exportable production closely parallels that for total production.

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Coffee imports into the UNITED STATES, including the green equivalent of soluble and roasted/ground, fell from about 20.1 million bags to 18.0 million bags during marketing year 1979/80 and 1980/81 (October/September). The drop was greater than the drop in domestic consumption as high interest rates and other factors led to a drawdown in U.S. stocks. At the same time, there was substantial change in the types of coffee imported. The biggest drop occurred for Colombian Milds, mainly from Colombia, which were off 43.6 percent, or from over 3.9 million bags to less than 2.2 million bags. Imports of Other Milds were also off more than 10 percent, or from about 7.7 million bags to 6.8 million bags. These reductions were partially offset by increased imports of Unwashed Arabicas, mainly from Brazil, which has been trying to regain its share of the U.S. market lost after the severe coffee frost of 1975. U.S. Robusta imports were also up.

The substantial change in the types of coffee imported was partly due to the implementation of coffee export quotas by the International Coffee Organization (ICO). Quotas for individual countries were set on the basis of export histories. As a result, Colombian and some of the Central American Milds were placed in relatively tight supply compared with the Robustas, causing the spread between these types of coffees to widen markedly. European markets, which are more quality conscious than U.S. markets, bid up the price for the high-quality Milds, while some of the major U.S. roasters took advantage of the lower Robusta prices by increasing the share of it in their regular blends.

U.S. coffee imports, by type, are shown below in million bags:

Type	1979/80 1/	1980/81 1/
Colombian Milds	3.9	2.2
Other Milds	7.7	6.8
Unwashed Arabicas	4.6	5.0
Robustas	3.5	3.7
Others 2/	.4	.3
Total	20.1	18.0

1/ Includes green bean equivalent (GBE) of roasted/ground and soluble coffee imports. 2/ Type of coffee unknown, since imports are almost entirely from non-producing countries in Western Europe.

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JAPAN recently increased the tolerance for sulfur dioxide residue in dried apples from 30 parts per million to 2,000. The action--taken Feb. 16, 1982--is expected to open up new opportunities for U.S. dried apple exports, particularly in the Japanese baking industry.

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Black and white pepper production by the WORLD's principal producing countries (Brazil, India, Indonesia, and Malaysia) during 1982 is forecast at 138,000 tons, slightly above 1981 levels but still well below output in 1980. Depressed pepper prices caused by oversupply, coupled with increased production costs, has dampened the production outlook. Pepper area and production in major producing countries are shown below.

Pepper Planted Area, 1980-82  
(In thousand hectares)

Country	1980	1981 1/	1982 2/
Brazil	19.0	19.0	18.5
India	84.9	88.0	89.0
Indonesia	69.7	72.7	75.0
Malaysia	12.5	12.1	12.0
Total 3/	186.1	191.8	194.5

Pepper Production, 1980-82  
(In thousand tons)

Brazil	35.0	28.0	26.0
India	38.0	38.0	40.0
Indonesia	37.3	39.1	42.0
Malaysia	33.8	31.5	30.0
Total 3/	144.0	136.6	138.0

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1/ Revised estimate. 2/ Forecast. 3/ Totals may not add because of rounding.

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WASHINGTON, D.C. 20250

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	March 16, 1982	Change from previous week	A year ago	
	\$ per m. ton	\$ per bu.	¢ per bu.	\$ per m. ton
<b>Wheat</b>				
Canadian No. 1 CWRS-13.5%.....	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	184.00	5.01	+3	209.50
U.S. No. 2 DHW/HW: 13.5%.....	198.50	5.39	+3	210.00
U.S. No. 2 S.R.W.....	166.00	4.52	-5	205.00
U.S. No. 3 H.A.D.....	184.00	5.01	+3	246.00
Canadian No. 1 A: Durum.....	201.00	5.47	0	1/
<b>Feed grains:</b>				
U.S. No. 3 Yellow Corn.....	129.50	3.29	+2	162.75
U.S. No. 2 Sorghum 2/.....	140.70	3.57	+3	169.00
Feed Barley 3/.....	1/	1/	1/	179.75
<b>Soybeans:</b>				
U.S. No. 2 Yellow.....	249.50	6.79	+4	303.25
Argentine 4/.....	1/	1/	1/	302.00
U.S. 44% Soybean Meal (M.T.)..	225.00	--	+2	268.00
<b>EC Import Levies</b>				
Wheat 6/.....	89.65	2.44	0	80.60
Barley.....	77.70	1.69	+20	44.90
Corn.....	97.20	2.34	-22	74.90
Sorghum.....	86.75	2.20	+15	63.10

1/ Not available.

2/ Optional delivery: Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Brazil Yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis April delivery.